



Montana Department of Commerce

NEIGHBORHOOD STABILIZATION PROGRAM

ACTION PLAN AMENDMENT

Public Forum - purpose

- ▣ MDOC presentation of the Proposed Action Plan Amendment
 - Review MDOC's proposed Amendment
 - ▣ Find the Amendment on the following
website: http://comdev.mt.gov/CDD_CDBG_NSP.asp
 - Update on the NSP process
 - Accept Comments and Questions

Public Comment Forum

❑ Comments and Questions

- Webinar participants can type in comments
- METNET participants will be able state their comments when their location is selected

❑ Comments on the amendment may be sent to:

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Background

- ❑ Title III of Division B of the Housing and Economic Recovery Act, 2008 (HERA)
 - Section 2301-Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes
- ❑ Senator Baucus secured a minimum of 0.5% for all States
 - \$19.6 million will be allocated to Montana
- ❑ Signed by the President on July 30, 2008
- ❑ HUD has assigned name of Neighborhood Stabilization Program (NSP)

Establishing NSP

- ❑ NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.
- ❑ NSP Federal Register Notice
 - HUD published on October 6, 2008
 - Allocation of NSP Funds
 - ❑ Amount was determined by formula established by HUD using criteria specified by HERA
 - Provides requirements of the NSP
 - HERA alters several key CDBG provisions

Allocation of NSP Funds

- ❑ NSP Allocation to the States and localities is based on Need
 - HUD determined that Need is based on number and percent of:
 - ❑ Home foreclosures in each State or unit of general local government
 - ❑ Homes financed by a subprime mortgage related loan in each State or Unit of General Local Government (UGLG)
 - ❑ Homes in default or delinquency in each State or Unit of General Local Government (UGLG)

Securing Montana's NSP Allocation

□ NSP Federal Register Notice

- Montana must submit an amendment to the existing 2008 Action Plan
- Amendment must be open for a 15-day public comment period
 - Public Comment period **begins** November 13, 2008 and **ends** at 5:00 pm on November 27, 2008
- Amendment must be submitted to HUD on or before December 1, 2008
- HUD reviews and approves Montana's proposed NSP Amendment

Timeframe of Amendment

- November 13, 2008 – Public Comment Period Begins
- November 20, 2008 – Statewide Public Comment Forum
- November 27, 2008 – Public Comment Period Ends
- December 1, 2008 – HUD receives Amendment
- December 2, 2008 through February 13, 2009 – HUD reviews and approves or requests changes to the MT Amendment
 - 18 Month timeframe begins after HUDs approval

Eligible Recipients

- ❑ The State of Montana
- ❑ Any Unit of General Local Government
- ❑ Any CDBG Entitlement Community
- ❑ Any Indian Tribe
- ❑ Any Non-Profit Organization

Eligible Recipients

- ❑ Environmental timeframe constraints
 - The State
 - Non-profit organizations

- ❑ Encourage applications from Non-profits to be submitted through UGLG

Who does NSP Benefit?

- LMI has been expanded to include:
 - Low, Moderate and Middle income (LMMI)
 - Low (50% of Area Median Income)
 - Moderate (80% of Area Median Income)
 - Middle (120% of Area Median Income)
- New LMMI tables have been created for each county.
 - http://comdev.mt.gov/CDD_CDBG_NSP.asp

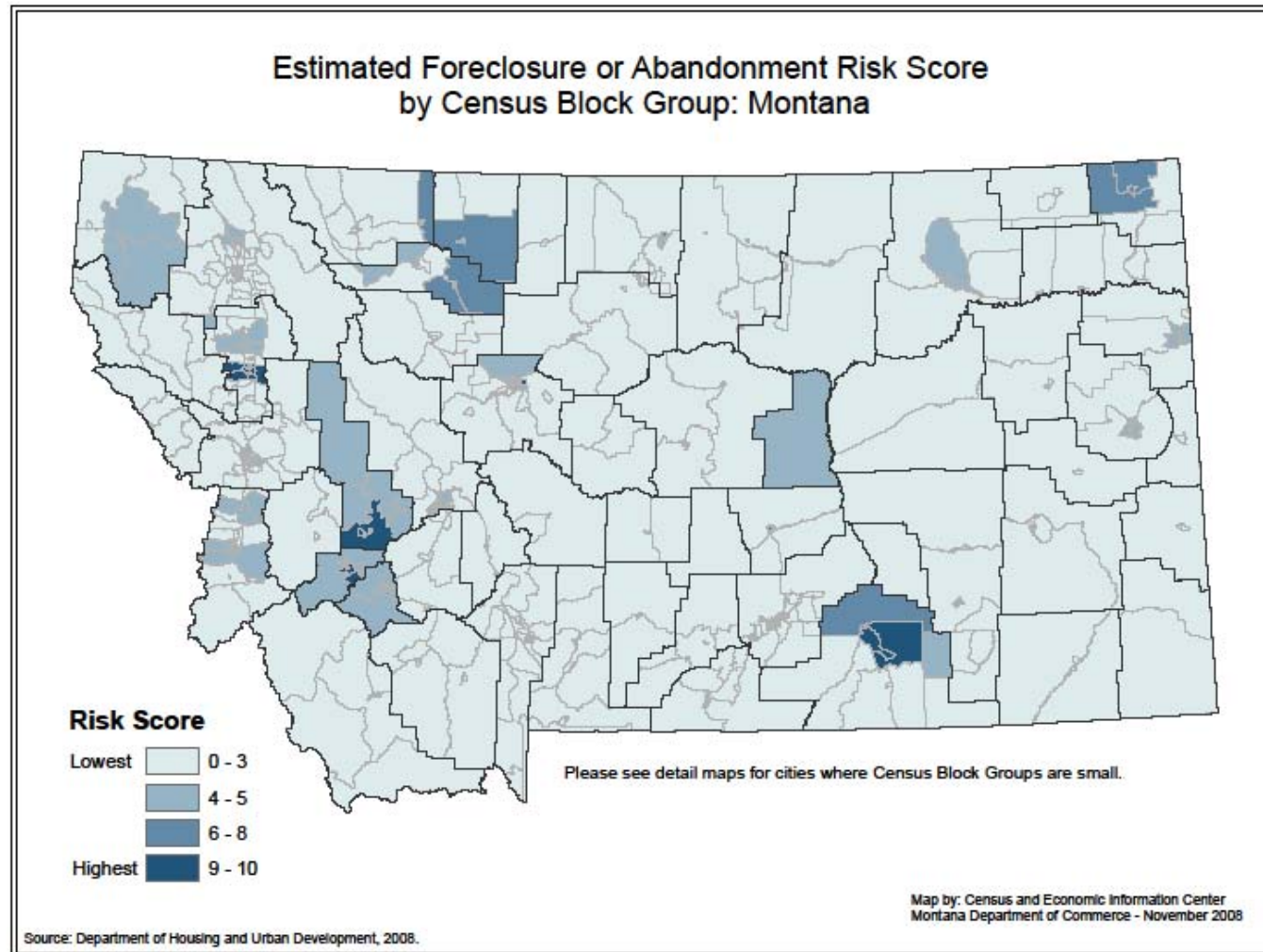
Montana's NSP Amendment

- ❑ NSP Notice requires that the State identify “areas of greatest need” and target NSP funds in those areas
- ❑ MDOC established four need categories:
 1. The greatest percentage of foreclosures;
 2. The greatest percentage of homes financed by a subprime mortgage loan;
 3. A significant rise in the rate of home foreclosures; and
 4. A significant amount of blight.

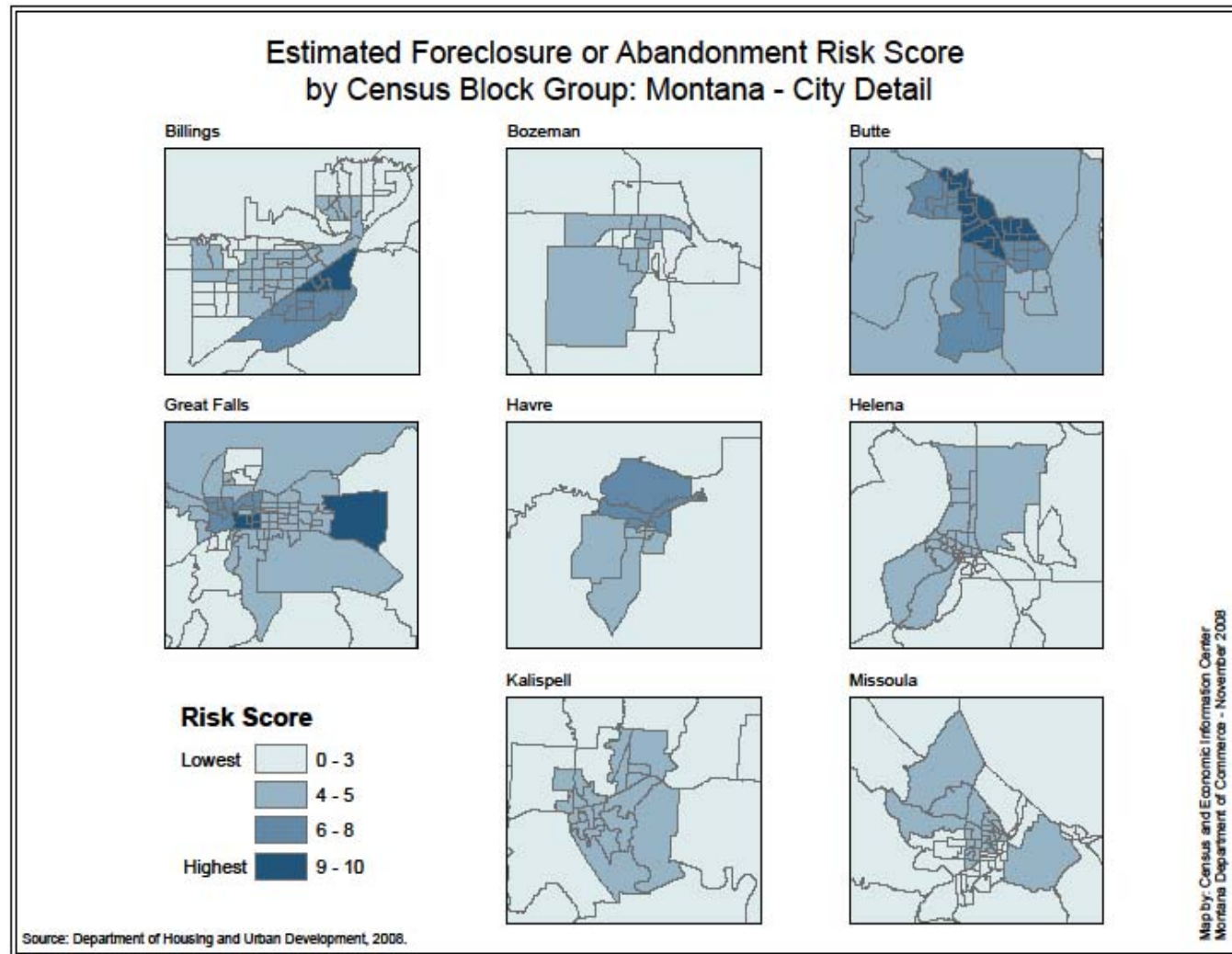
MDOC Definitions of “Greatest Need Areas”

- **Qualified Need Areas:** MDOC has determined that any applicant for NSP funds must have within its geographic jurisdiction a Census Block Group with a HUD risk score of one (1) or higher, or be located in a county with subprime mortgages totaling at least 1.0% or higher, or demonstrate that the percentage of blight is at least 1.0%. All applicants must show that their jurisdictions meet the “Qualified Need Area” level of need, which constitutes the threshold of eligibility for NSP funds. Local, State or HUD data can be used to define the area that is a Qualified Need Area as further defined in this amendment.
- **Priority Need Areas:** MDOC has determined that jurisdictions with a risk score of five (5) or higher or blight score of 5.5% or higher will be deemed as Priority Need Areas. Applicants from the Priority Need Areas will receive priority consideration in the funding distribution and award process. These applicants do not have to restrict their activities to only the Priority Need Census Block Groups, but must demonstrate how the activities they undertake will address the intent of Neighborhood Stabilization.

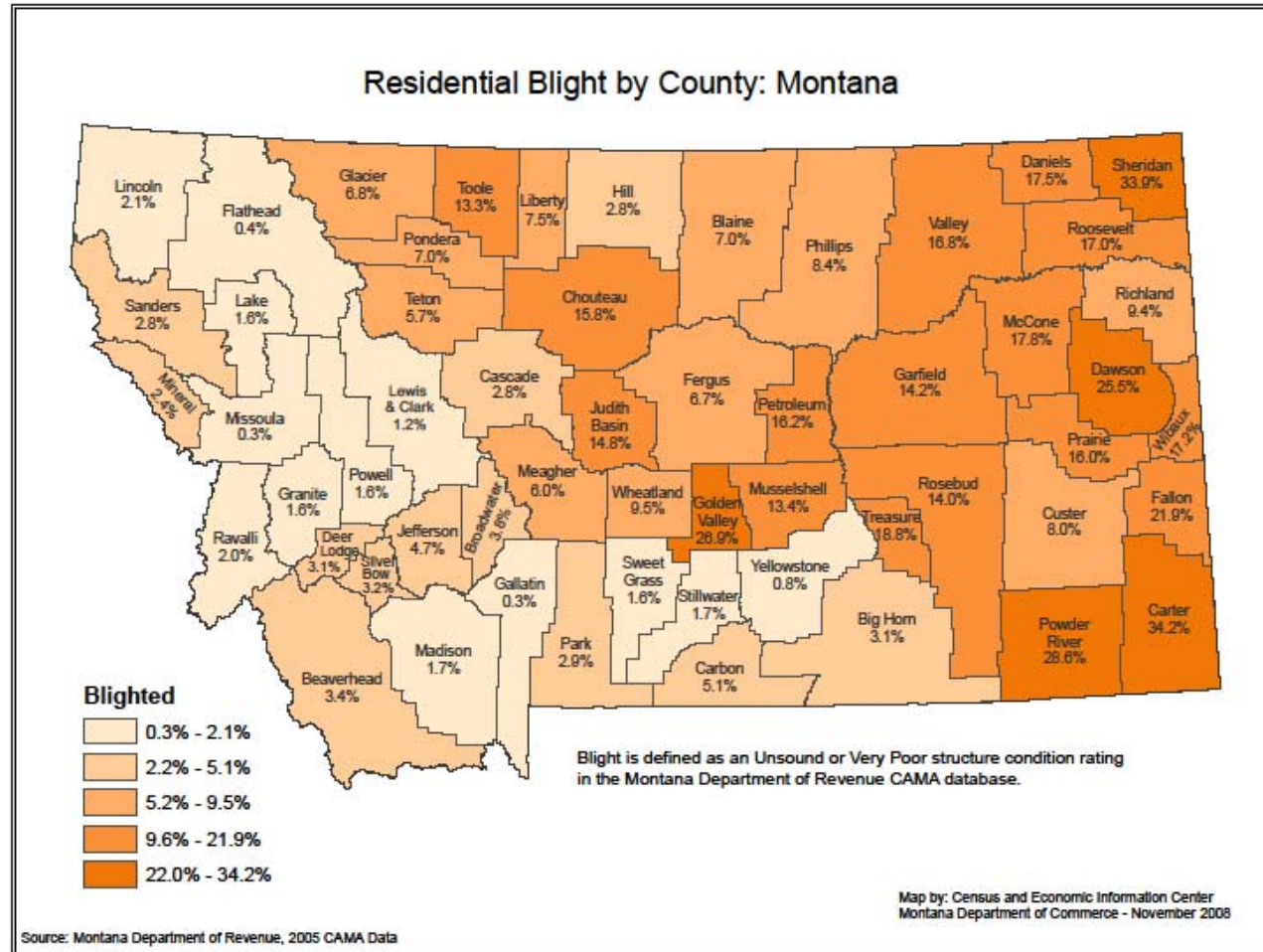
Map of Foreclosures



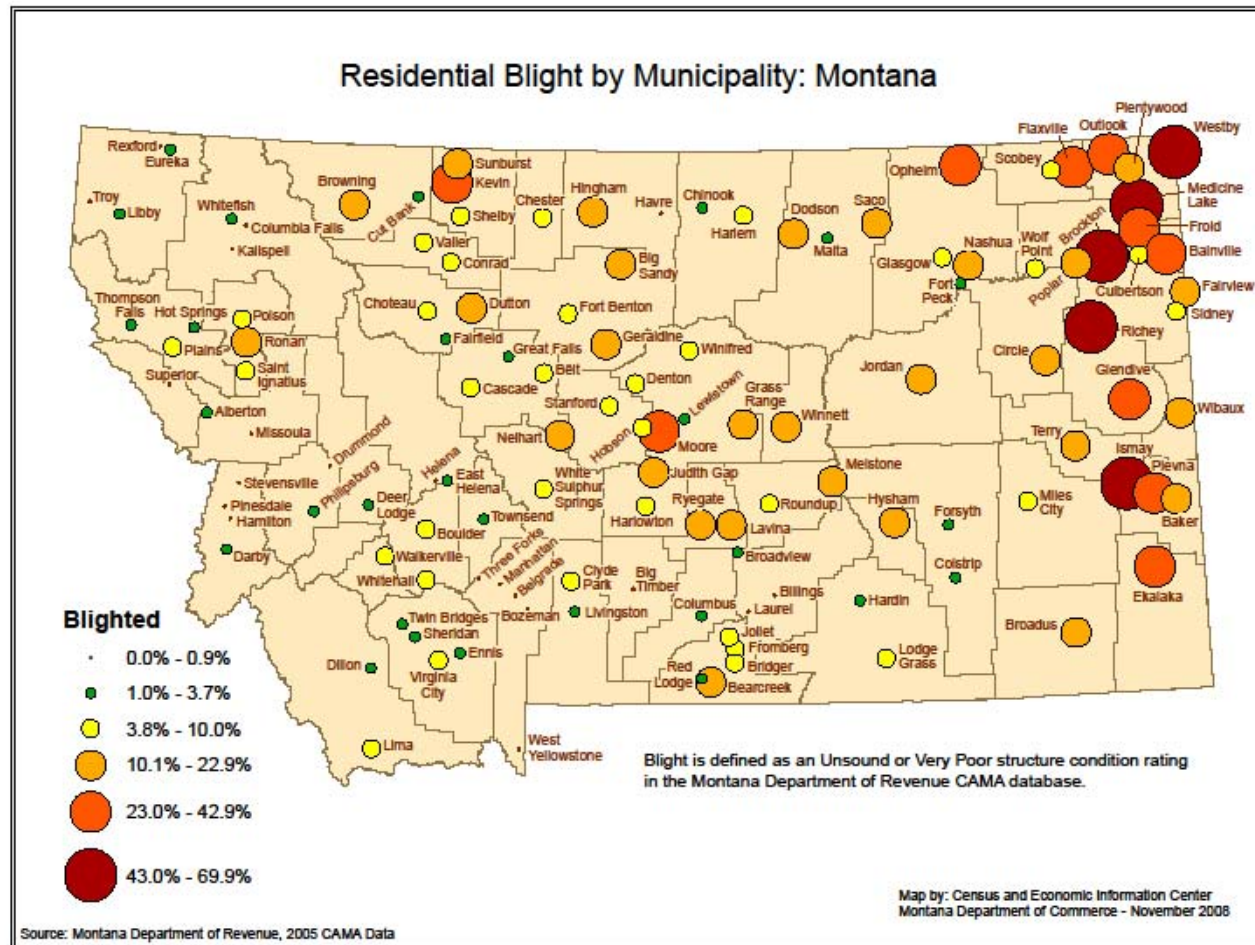
Detail Map of Foreclosure

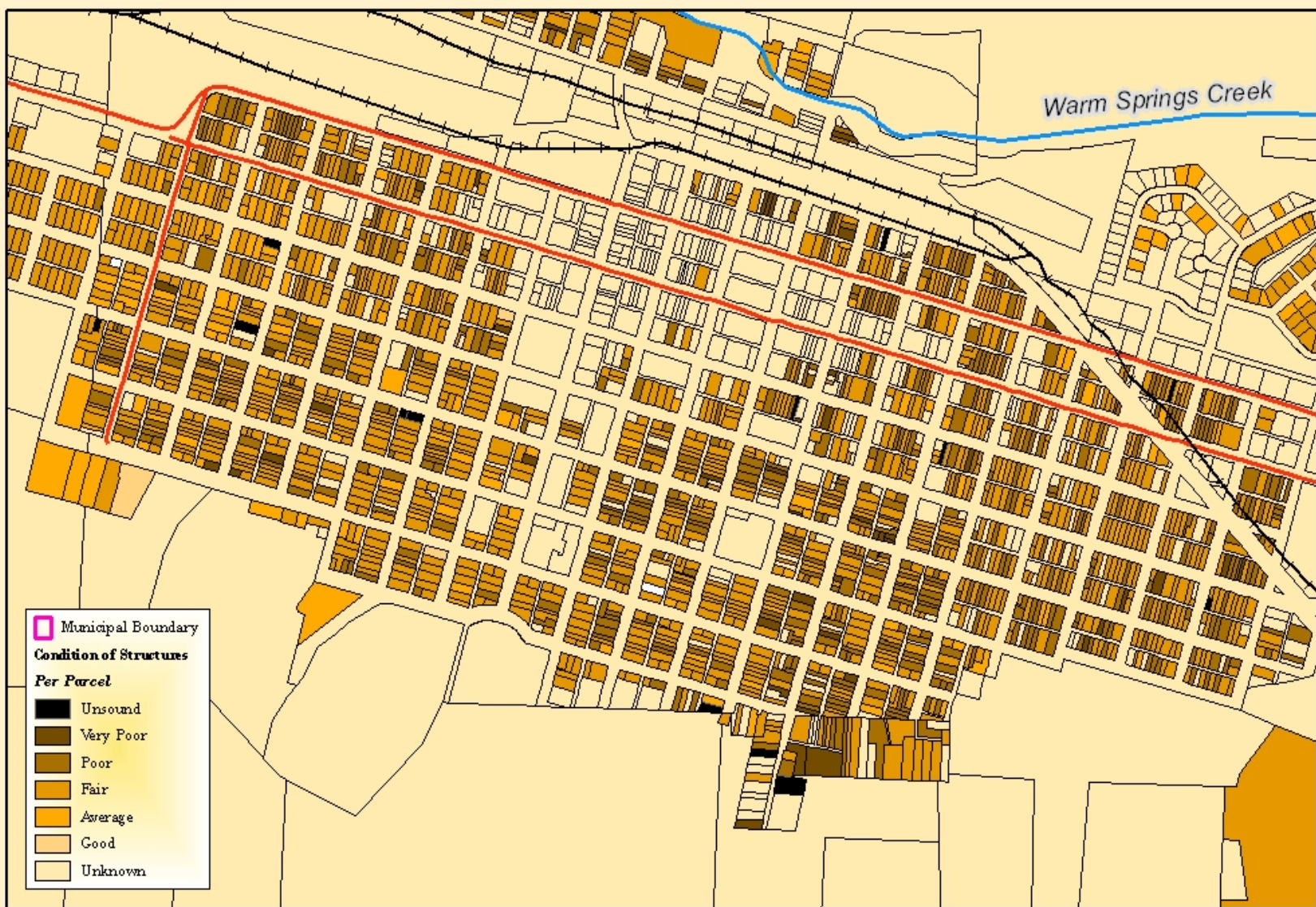


Map of Blight in Counties



Map of Blight in Municipalities



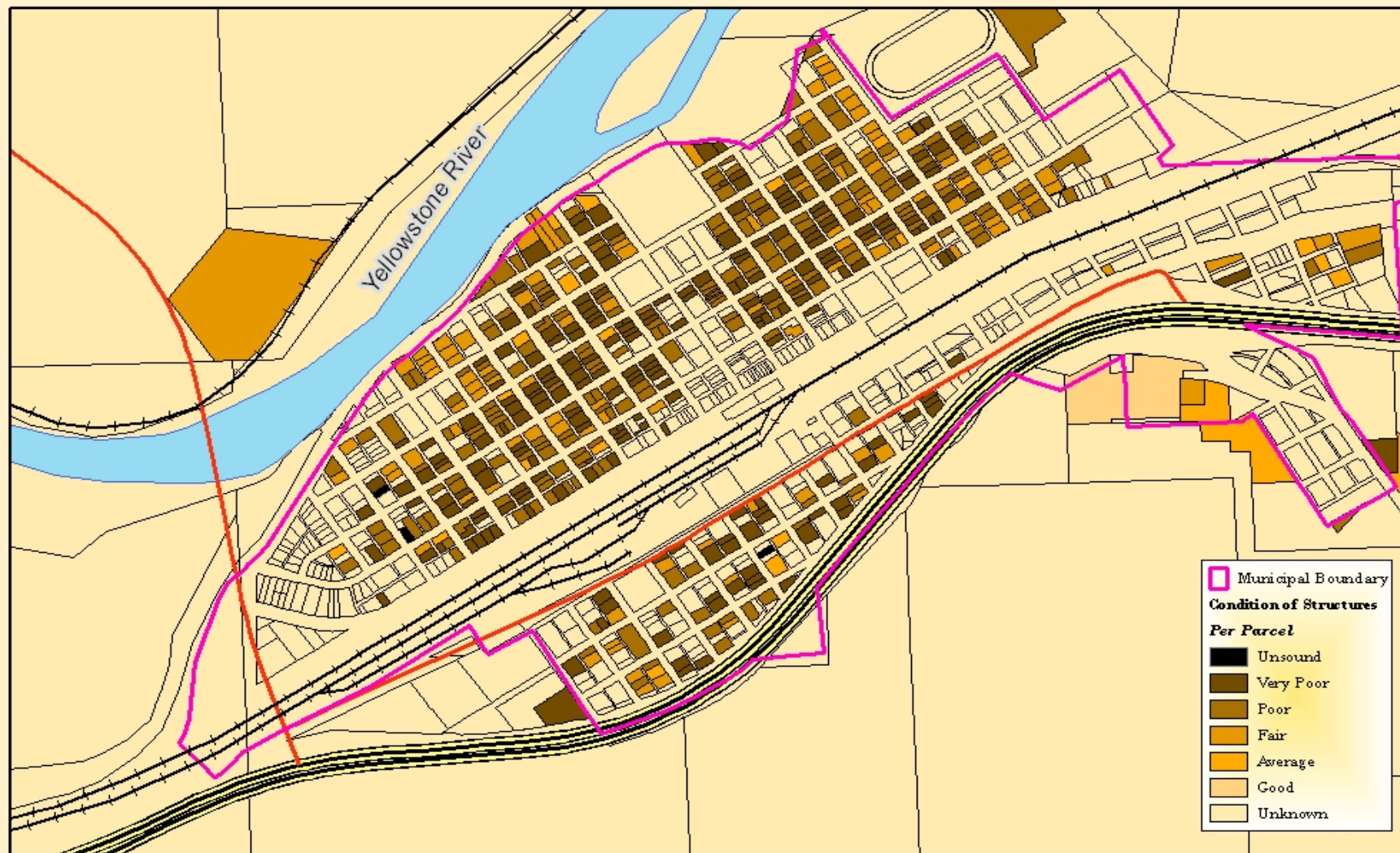


Condition of Structures Anaconda, Montana

Data Source: Montana Department of Revenue, 2003



Map created by:
Gerrit van der Wal, Montana Department of Revenue
300 Capitol Mall, Ste.
Helena, MT 59601
406.443.2700



Condition of Structures Forsyth, Montana

Data Source: Montana Department of Revenue, 2003

0 375 750 1,500
Feet

Map created by the
Geography, Research, Analysis and Statistics
Division, Department of Commerce
300 Franklin Park, Ave.
Helena, MT 59606
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Greatest Need Area - Targeted

- ❑ Top Down Approach vs. Bottom Up Approach
- ❑ MT NSP Amendment
 - Maximum amount of flexibility
 - Responsive to locally identified needs
 - Flexibility to complete ALL eligible NSP activities
 - Other States are using a more restrictive method
 - HUD will review amendment
 - HUD may comment, approve or ask for corrections before approval

Distribution of Funds

- ❑ HERA 18 month timeframe
 - Funds must be obligated
- ❑ RFP Process
 - Begins when HUD approves Amendment
 - No due date for proposals
 - Submit potential projects now to MDOC
- ❑ Obligation-Based contracts
 - No firm, fixed amounts
 - NSP funds committed when project activities are ready to be obligated
 - Successive & Incremental approach

Distribution of Funds

□ Administrative Funds

- 10% allowed for entire allocation
- Shared between State and Eligible Recipients
- Developer Fees allowed
- Proportional expenditure

□ HERA Priority

- 25% of the funds used on foreclosed or abandoned properties that benefit families at or below 50% AMI
- Proportional expenditure

Uses of NSP Funding - A

Eligible Use

A. Establish financing mechanisms for purchase & redevelopment of foreclosed upon homes & residential properties including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

Eligible Activities

- As an activity delivery cost for an eligible activity (designing & setting it up)
- Financing of an NSP eligible activity, to carry out that activity, is eligible as part of that activity

NSP Eligible Activity - A

- ❑ Foreclosed or Abandoned Property
- ❑ Financing Mechanisms

NOTE:

- NSP Notice defines Abandoned as: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Uses of NSP Funding - B

Eligible Use

Eligible Activities

B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

- Acquisition
- Disposition
- Relocation
- Direct homeownership assistance
- Eligible rehabilitation and preservation activities for homes and other residential properties
- Housing counseling for those seeking to take part in the activity

NSP Eligible Activity - B

❑ Foreclosed or Abandoned Property

■ Rehabilitation

- ❑ Multifamily Rental
- ❑ Single Family Rental or Homeownership
- ❑ Community Land Trust

■ Redevelopment

- ❑ Multifamily Rental
- ❑ Single Family Rental or Homeownership
- ❑ Community Land Trust

Uses of NSP Funding - C

Eligible Use

Eligible Activities

C. Establish land banks for homes that have been foreclosed upon

- Acquisition
- Disposition (includes maintenance)

NSP Eligible Activity - C

▣ Land Banks

- Foreclosed property
- Must be sold within 10 years
- A Land Bank is not a Community Land Trust

Uses of NSP Funding - D

Eligible Use

Eligible Activities

D. Demolish blighted structures

Clearance, for blighted structures only

NSP Eligible Activity - D

❑ Blighted Structures

- Demolition Activities ONLY
- Can be occupied structures
 - ❑ Relocation assistance must be provided
- NO Rehabilitation of Blight
- NO Redevelopment of Blight
- Structure is NOT required to be foreclosed OR abandoned

Uses of NSP Funding - E

Eligible Use

Eligible Activities

E. Redevelop demolished or vacant properties

- Acquisition
- Disposition
- Public facilities and improvements
- Housing Counseling Public Services (limited to prospective purchasers or tenants of redeveloped properties)
- Relocation

Uses of NSP Funding - E

Eligible Use

Eligible Activities

E. Redevelop demolished or vacant properties (continued)

- New housing construction
- Direct homeownership assistance
- 570.204 activities by Community Based Development Organizations

NSP Eligible Activity - E

- ❑ Redevelopment of demolished structure or vacant property
 - New Construction for many activities
 - ❑ Multifamily rental
 - ❑ Single family rental or homeownership
 - ❑ Community Land Trust
 - ❑ No Rehabilitation activities
 - ❑ Demolished or Vacant property is NOT required to be foreclosed OR abandoned

NSP Funds

- ❑ Amendment provides a budget
 - Based on 25% requirement
 - Based on information collected from HUD and Department of Revenue
 - Based on input from the people across the State
 - Montana proposes to move funds into different categories

Comments or Questions ???

If your question or comment is not answered please contact us.

Webinar participants:

Please submit your written questions now, if you haven't already done so.

METNET participants:

Please be prepared to ask your questions when your location is selected.

Comments or Questions ???

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Comments must be received by 5:00 P.M.
on Thursday, November 27, 2008.